Participant Guide –

AP310: Vendor Processing

State of Kansas

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Course Overview

Course Objectives
Upon completion of the course, participants are able to:
- Explain the vendor process
- Describe how vendor processing integrates with other functions in SMART
- List the roles involved in vendor processing
- Search for a vendor
- Enter a vendor
- Request an update to the vendor master record

Agenda
Today, we will cover the following topics:
- Vendor Processing Overview
- Search for a Vendor
- Enter a Vendor
- Modify a Vendor

Participant Notes:

Lesson 1: Vendor Processing Overview

Objectives

Upon completion of this lesson, participants are able to:

- Define basic vendor processing terms
- List the different types of vendors that can be entered into SMART
- Explain how vendor processing integrates with Accounts Payable and Purchasing functions
- List the roles involved in the vendor process and describe the tasks that each role performs

Topic 1: Vendor Processing Key Terms

- **Vendor –** Any person or company from whom the State of Kansas purchases goods or services, including state agencies, sub-recipients, and sub-grantees

  Note. As a general rule, employees will not be in the vendor table for expense payment purposes.
- **Vendor Name –** Legal or full name of the vendor
- **Vendor Classification –** The SMART field that denotes the classification for a vendor, including employee, medical, or supplier. Most vendors are suppliers.
- **Vendor Status –** The SMART field used to select the status of the vendor. The values available include Approved, Inactive, To Archive, and Unapproved.
- **Persistence –** Term that denotes the frequency of transactions the vendor has with the state. Values include onetime, regular, permanent, and single payment.

Participant Notes:

Vendor

- **Vendor –** The people and companies from whom a company buys or contracts goods and services are called vendors
  - You can create a vendor profile to store all the information needed for a vendor and to manage the vendor
- When agencies are preparing to enter a new vendor into SMART, they will first want to gather all of the information they need to track for the company with which they are doing business, such as:
  - Identifying information, including status, classification, and other basic business information that tells you what kind of vendor you are entering
  - Physical addresses for the vendor
  - Procurement defaults that define your relationship with your vendor, and tell SMART how to handle voucher errors and approvals
  - Payment options that establish defaults for payment processing, such as Automated Clearing House (ACH). For **ACH**, you send all applicable payments in one file to your financial institution. If the financial institution is a member of a clearinghouse, then the clearinghouse sends the payments to the vendor's bank for payment.
- **Tax Identification Number** (TIN): A tax processing number issued by the Internal Revenue Service. When entering a new vendor, the State of Kansas requires a vendor's taxpayer identification, TIN type, withholding entity, and address sequence.
  - 1099 Status and requirements
- **W-9** Information – Agencies are responsible for contacting the vendor and obtaining the needed TIN number and address. Agencies may contact the vendor by telephone, letter, or with form W-9 (pictured below) - Payer's Request for Taxpayer Identification Number and Certification.

Participant Notes:

Figure 1. IRS Form W-9

Participant Notes:

Topic 2: Vendor Processing Concepts

- **Types of Vendors:**
  - **Regular vendors** – Select for a vendor only if you do not mind that it is removed from the system once activity for the vendor stops for a designated period. You can create an unlimited number of vouchers for this vendor. However, if there is no activity for the vendor by the as of date in a vendor archive request, the vendor is purged from the system.
  - **Permanent vendors** – Select for vendors you know your organization will always use, even if not on a frequent basis. You can create an unlimited number of vouchers for this vendor. The vendor is not purged from the system unless you specifically request that they be archived in a vendor archive request.
  - **One-time vendors** – This is for vendors you know you will use only once. You can enter only one voucher for this vendor, after which the vendor status changes to *Inactive* automatically.
  - **Single payment vendors** – SMART Accounts Payables enables you to enter a voucher without adding rows to vendor tables. You enter any information that is particular to a vendor—such as the vendor's name and address—directly on the single payment voucher. The single payment vendor has already been created in SMART and is SINGLE_PAY.

    Note: A one-time vendor is different from a single payment vendor in that a one-time vendor adds rows to the vendor tables. A single payment vendor does not affect vendor tables and is used as the default master vendor for single payment vouchers.

  - **Foreign vendors** – Foreign vendors will be entered ON LINE only. Any ACH payments to FOREIGN banks will be entered ON LINE only.

Participant Notes:

Topic 3: Vendor Process, Integration, and Roles

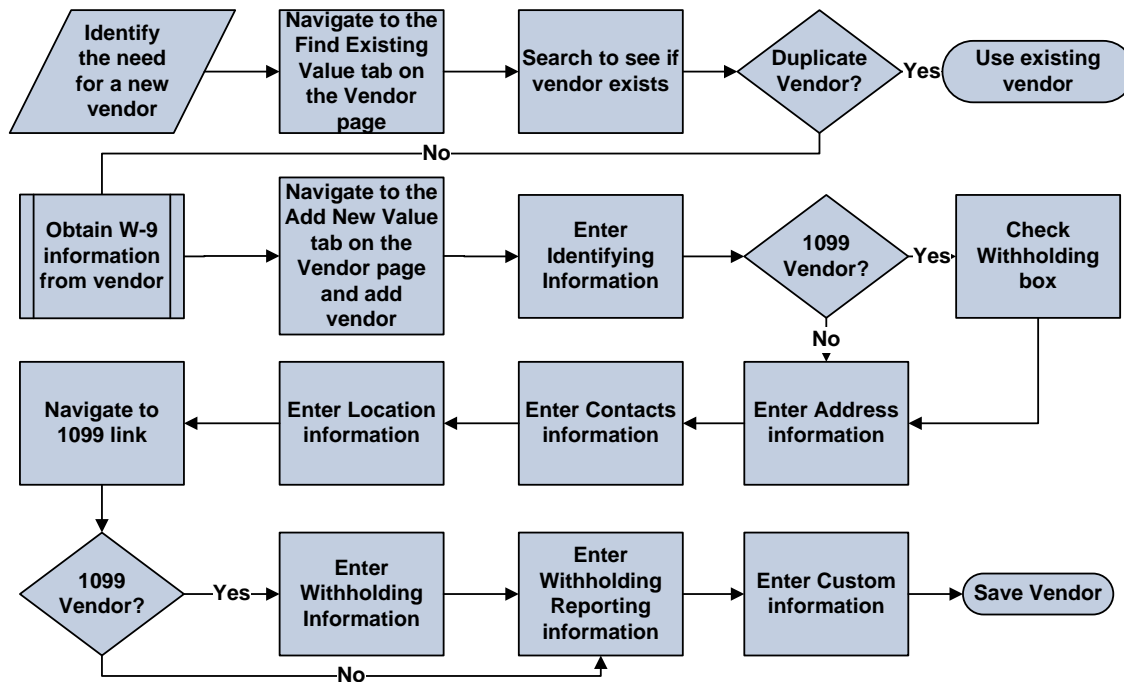The following graphic highlights the business process for entering a vendor in SMART.

Figure 2. Business Process to Enter a Vendor

Participant Notes:

Process Notes:

- When an agency is preparing to enter a vendor into the system, they need to gather all required information to be able to enter appropriate fields:
    - Vendor Status (pre-populated – agency will not choose)
    - Vendor Class
        - Basic business information
        - Physical address
        - Location information
        - Procurement defaults
        - Payment options
        - TIN Number

Integration Notes:

- Vendor data can also be defaulted to purchase orders, vouchers, and payments that reference the vendor
- The Accounts Payable and Purchasing modules of SMART share vendors
- A vendor must be added to the system before it can be used on a purchase order, request for quote, requisition, voucher or payment
- If you are using a single pay vendor, you must use the single pay vendor ID (pre-determined)

SMART User Role	Accounts Payable Key Activities / Tasks
Vendor Processor	This role is responsible for entering vendors into SMART
Vendor Approver	This role is responsible for approving new vendors and maintaining vendors in SMART. This role, which is performed centrally, is the only role that has access to modifying vendors in SMART.

Participant Notes:

Lesson Review

In this lesson, you learned how to:

- Define vendors and basic vendor processing terms
- Discuss the types of vendors entered into SMART and when each vendor type is used
- Describe the process for vendor processing
- Discuss the integration of vendors with other functionality in SMART
- Identify where roles fit into the vendor process

Participant Notes:

Lesson 2: Search for a Vendor

Objectives

Upon completion of this lesson, you will be able to:

- Describe the importance of verifying if a vendor exists in the system prior to adding a new vendor
- Search for a vendor that has previously been entered into SMART
- Find a vendor's address on the vendor master record
- View conversation information for a vendor that has previously been entered into SMART

Topic 1: Search for a Vendor

- Navigation to vendors tasks through the Accounts Payable Center
- There are several fields to use in searching for a vendor, including:
    - Set ID
    - Vendor ID
    - Short Vendor Name
    - Name 1

Walkthrough/Activity

We will now complete Activity 1: Searching for Vendors in your Activity Guide.

Participant Notes:

Topic 2: View Vendor Information

- **Identifying Information tab** – This tab lists further vendor information including name, number and classification status
- **Location tab** – This tab is the default ordering, invoicing and remitting location(s) for this vendor
- **Address tab** – This tab lists the address(es) for the vendor
  - If *view all* is highlighted, there is more an one address associated with the vendor

Vendor Summary

This walkthrough shows the main pages and links of the vendor component. We will look at an existing vendor to familiarize you with a vendor in SMART.

The first page of an existing vendor is the **Summary** page. This is an overview of the key information for a vendor.

Participant Notes:

Page name	Navigation
Maintaining Vendors – Summary	Vendors>Vendor Information>Add/Update>Vendor>Summary

Figure 3. Vendor Summary Page

Walkthrough/Activity

We will now complete Activity 2: Viewing Vendor Profiles in your Activity Guide.

Participant Notes:

Topic 3: Vendor Conversations

- You can view conversation information for a vendor that has previously been entered into SMART

    Note: Vendor Processors can add conversations to a vendor records

Page name	Navigation
Vendor Conversation	Vendors>Information>Maintain>Conversations

Figure 4. Vendor Conversation Page

Participant Notes:

Lesson Review

In this lesson, you learned how to:

- List the steps required to search for a vendor in SMART
- Explain the steps required for viewing vendor information, including address and conversation information in the vendor profile

Participant Notes:

Lesson 3: Enter a Vendor

Objectives

Upon completion of this lesson, participants are able to:
- Enter a vendor into SMART

Topic 1: Enter a Vendor Process

- On the **Maintaining Vendors – Identifying Information** page, users who have the appropriate permissions may enter and approve vendors. Users who do not have authority to approve vendors may enter them with a status of pending. You should use ALL CAPs when adding records to the vendor file.

   Note: A vendor must be in an approved status to use on a voucher.

Page name	Navigation
Maintaining Vendors – Identifying Information	Vendors>Vendor Information>Add/Update>Vendor>Identifying Information

Participant Notes:

Figure 5. Vendor Identifying Information Page

Participant Notes:

Fields	Description
Vendor Short Name	Provides an alternate search key to access vendor data • No special characters • First 10 characters of the last name followed by as many of the first name as possible • First10 characters of the business name, excluding The, and, etc.
Vendor Name 1 and Vendor Name 2	Enter the vendor's name. There are two lines for the vendor name (**Vendor Name 1** and **Vendor Name 2**), in case you are dealing with divisions, subsidiaries, or other complex organization entities that require detailed identification.

Participant Notes:

Fields	Description
Status	Displays the vendor's status. Values are: • *Approved* – If you have authority to approve vendors, the system automatically assigns a status of *Approved* to the vendor. SMART does not recognize a vendor as approved unless an authorized Accounts Payable or Purchasing user enters or approves it. • *Inactive* – If you have the authority to inactivate vendors you can select this option. Users cannot enter new vouchers for this vendor. • *To Archive* – If you have the authority to inactivate vendors you can select this options. Users cannot enter new vouchers for this vendor; the vendor is purged from the system. • *Unapproved* – If you do not have the authority to approve vendors, another user needs to approve the vendor. A vendor needs to be in an *Approved* status before you can enter vouchers for them into SMART. Vendors will be approved by Central
Classification	The options are Attorney, Employee, Medical, or Supplier. Most State vendors will be suppliers. **Note:** HCM should not be selected.

Participant Notes:

Fields	Description
Persistence	Select the vendor's persistence. Values are: • *One-Time* – Select for vendors you know you will use only once. You can enter only one voucher for this vendor, after which the vendor status changes to Inactive automatically. • *Permanent* – Select for vendors you know your agency will always use, even if not on a frequent basis. You can create an unlimited number of vouchers for this vendor. The vendor is not purged from the system unless you specifically request that they be archived in a vendor archive request. • *Regular* – Select for a vendor only if you do not mind that it is removed from the system once activity for the vendor stops for a designated period. You can create an unlimited number of vouchers for this vendor. However, if there is no activity for the vendor by the as of date in a vendor archive request, the vendor is purged from the system. • *Single Payment* – If you select *Single Payment Vendor* as the persistence when adding a vendor, the system opens the **Single Payment Vendor** page, on which you can set up the vendor options that you want to appear by default on single payment vouchers. **Note**: Only A&R (Accounts and Reports) should create Single Pay vendors.
Participant Notes:	

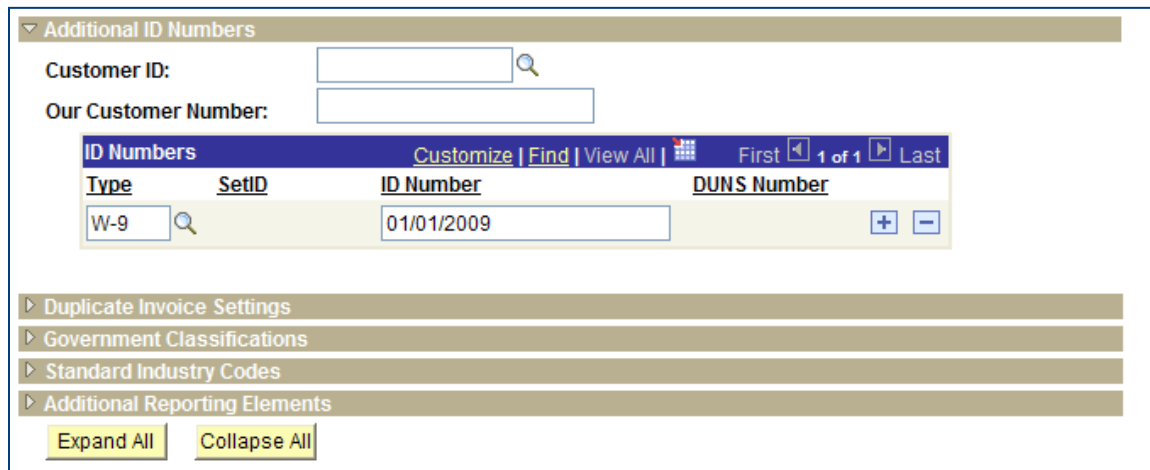| Fields	Description
Withholding	When entering withholding or 1099 vendors, select to enable withholding for the vendor. You specify withholding options on the **Withholding Vendor Information** page.
Open for Ordering	Select to certify the vendor for purchasing goods and services. If this check box is clear, you cannot enter purchase orders (POs) for this vendor in SMART Purchasing.
Corporate Vendor	Not used by the State of Kansas
Create Bill-to Customer	Not used by the State of Kansas

Table 1. Identifying Information Page Elements

You can define **Additional ID Numbers** for both the vendor and the vendor location.

Note: For State of Kansas, these fields will be used to record W-9 information. Use the **Type** field for W-9. Enter the date the W-9 was obtained in the **ID Number** field.

Participant Notes:

Page name	Navigation
Maintaining Vendors – Identifying Information	Vendors>Vendor Information>Add/Update>Vendor>Identifying Information Expand the Additional ID Numbers collapsible section

Figure 6. Vendor Additional ID Numbers Page

Fields	Description
Customer ID	If this vendor is also a customer in the SMART Accounts Receivable module, enter the valid **Customer ID**
Type	**Note**. For State of Kansas, use W-9. Enter the date the W-9 was obtained in the **ID Number** field.

Table 2. Additional ID Numbers Page Elements

Participant Notes:

Use the **Government Classifications** section to optionally track government-reporting information for this vendor. Vendors receive certain classifications of certification, such as small business or woman-owned, from various government sources.

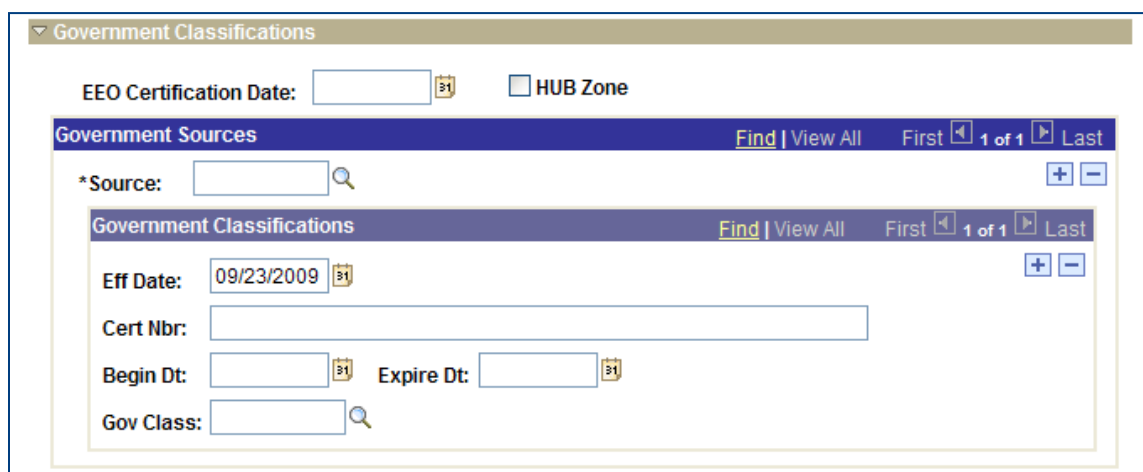| Page name	Navigation
Maintaining Vendors – Identifying Information	Vendors>Vendor Information>Add/Update>Vendor>Identifying Information Expand the Government Classifications collapsible section

Figure 7. Vendor Government Classifications Page

Fields	Description
Source	Enter the vendor's certification source
Cert Nbr (certificate number)	Enter the number of the certificate that your vendor received from this source, verifying that the vendor is qualified for this government classification

Participant Notes:

Fields	Description
Gov Class	Enter the type of government classification for which your vendor qualifies

Table 3. Government Classifications Page Elements

Depending on your agency's reporting requirements, you can apply **Standard Industry Classification (SIC)** codes as part of your vendor header or on your vendor **Location** tab. If you are not doing government reporting, you may choose to define these numbers at the vendor location only.

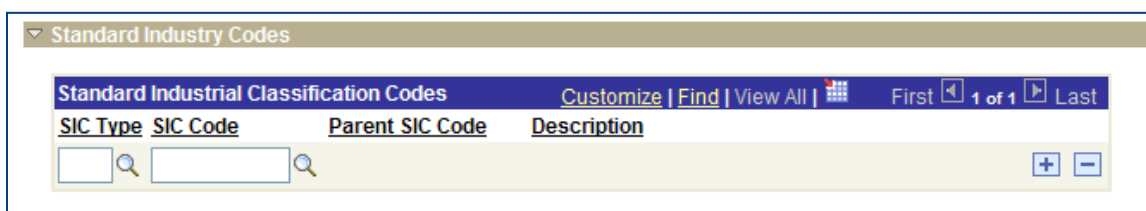| Page name	Navigation
Maintaining Vendors – Identifying Information	Vendors>Vendor Information>Add/Update>Vendor>Identifying Information Expand the Standard Industry Codes collapsible section

Figure 8. Vendor Standard Industry Codes Page

Fields	Description
SIC (Standard Industry Code) Type	Select the appropriate type for your vendor

Participant Notes:

Fields	Description
SIC Code	In accordance with the **SIC Type** that you select, the system provides an appropriate list of **SIC Codes**. Select a code for the vendor.
	Based on the SIC information that you select, the system populates the Parent SIC Code field and the Description field.

Table 4. Standard Industry Codes Page Elements

The **Additional Reporting Elements** section enables you to enter information required for Federal Procurement Data Systems reporting.

Participant Notes:

Page name	Navigation
Maintaining Vendors – Identifying Information	Vendors>Vendor Information>Add/Update>Vendor>Identifying Information
	Expand the Additional Reporting Elements collapsible section

Figure 9. Vendor Additional Reporting Elements Page

Participant Notes:

Fields	Description
Sm Disadvantaged Business Prog (small disadvantaged business program)	Select a small disadvantaged business program. A Small Disadvantage Business (SDB) program provides business development and federal contracting opportunities for small disadvantaged businesses that would not otherwise qualify for such programs. An SDB enables small businesses to compete in the federal contracting arena and helps expose them to a wider range of subcontracting opportunities that are typically available for large firms only. Programs of this nature are intended to help federal agencies achieve the government-wide goal of 5 percent SDB participation in prime contracting.
Veteran-Owned Small Business	Select a veteran-owned small business program. The veteran-owned small business program provides veteran-owned small businesses maximum practical opportunity to participate in the performance of contracts and subcontracts awarded by any federal agency.
HUBZone Program (historically underutilized business zone program)	Select a HUB Zone program. The HUB Zone Empowerment Contracting program provides federal contracting opportunities for qualified small businesses located in distressed areas.
Emerging Small Business	Select if the vendor qualifies as an emerging small business.
Size of Small Business	If you selected the **Emerging Small Business** check box, select the applicable business size for this small business from the available options.

Participant Notes:

Fields	Description
Women-Owned Business	Select if this vendor qualifies as a women-owned business.

Table 5. Additional Reporting Elements Page Elements

Use the **Address** page to define addresses for this vendor. Because vendor information is effective dated, you can insert new rows to reflect changes in the address before the change goes into effect. SMART will then automatically use the new vendor address on transactions dated on or after that date. Addresses should be "postal correct" just as you did in STARS. First Logic is used to validate the addresses

Note: When adding a NEW vendor, the address must be related to the location number. The location code is used to map payment methods of the vendor. Each additional address for the vendor will be added to location based on the payment method. For example, if the vendor only has one payment method the location code will be 001, if there are two addresses for that location they must be mapped to the location in the Phone information section of the Address tab. **Set the Type field to '.Pymnt Loc' and the Prefix field to match the Location number of the vendor.**

Participant Notes:

Page name	Navigation
Maintaining Vendors – Address	Vendors>Information>Add/Update>Vendor>Address

Figure 10. Vendor Address Page
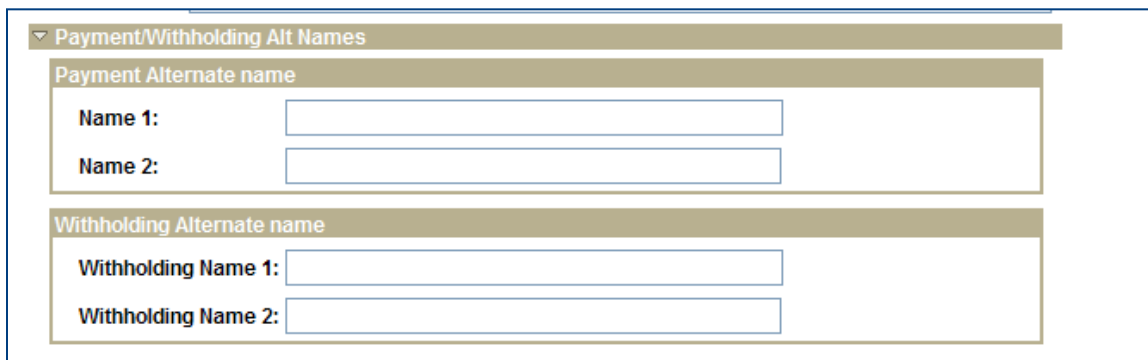
Participant Notes:

Fields	Description
Vendor Address 3	The **Vendor Address 3** field should not be used for "real" addresses. Only Medicaid provider numbers will be entered here.

Table 6. Vendor Address Page Elements

If information is entered on the **Payment/Withholding Alternate Names** page, SMART overrides the name that you specified on the **Vendor Identifying Information** page. This feature might be useful if someone wants to do business under another name. For example, Smith Consulting may be the vendor, but may want to receive payments or report 1099 under the name of Joe Smith.

Page name	Navigation
Maintaining Vendors – Payment/Withholding Alt Names	Vendors>Information>Add/Update>Vendor>Address Expand the Payment/Withholding Alt Names section

Figure 11. Vendor Payment/Withholding Alt Names Page

Participant Notes:

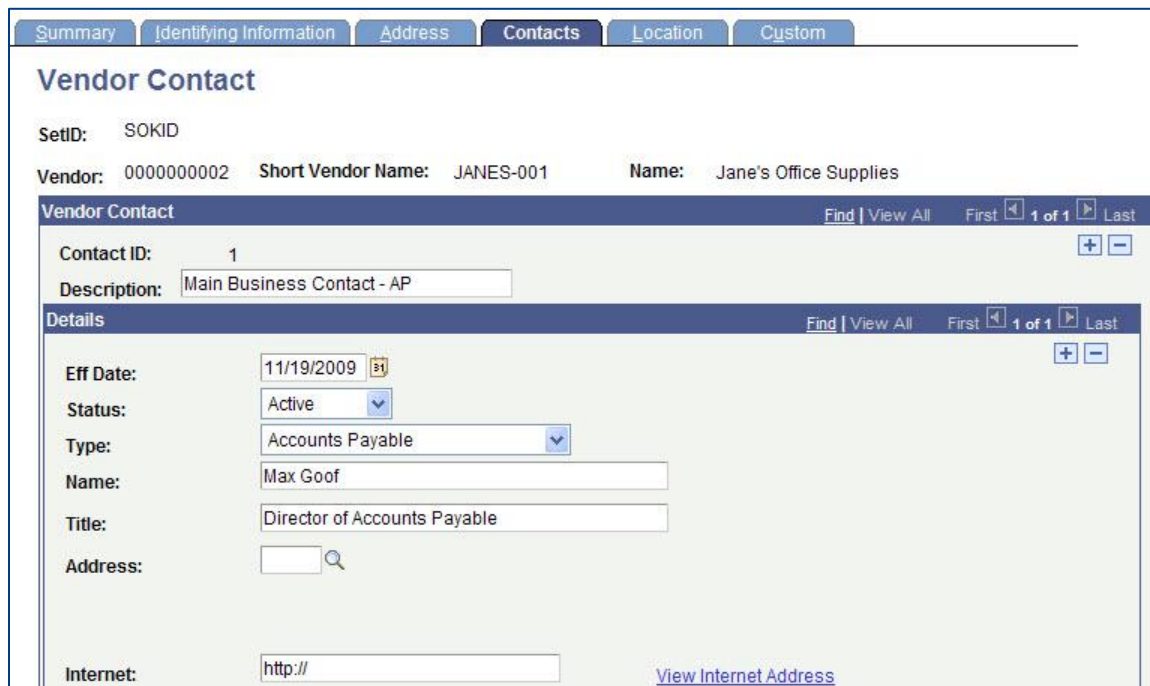| Fields	Description
Payment Alternate name	Enter an alternate name for the vendor to be used on checks
Withholding Alternate name	Enter an alternate name for the vendor to be used for 1099 reporting

Table 7. Payment/Withholding Alt Names Page Elements

An unlimited number of vendor contacts and their roles can be entered so you can easily determine whom to contact with questions. You can also use this information to determine the business reason why a contact might want to talk to you before you return their call.

Participant Notes:

Figure 12. Vendor Contacts Page

The next section explains the vendor **Location** page. In SMART, a vendor address is a physical mailing address and should not be confused with a location, a unique entity with its own way of doing business. There will be one vendor location for each bank account/payment method, assigned sequentially starting with 001,002, 003, etc. Each vendor will have '001' as its default location. If a vendor uses the same bank account/payment method across its business, one location can be entered. For example, Company ABC has offices in Kansas City, Chicago, and St. Louis. Each office

Participant Notes:
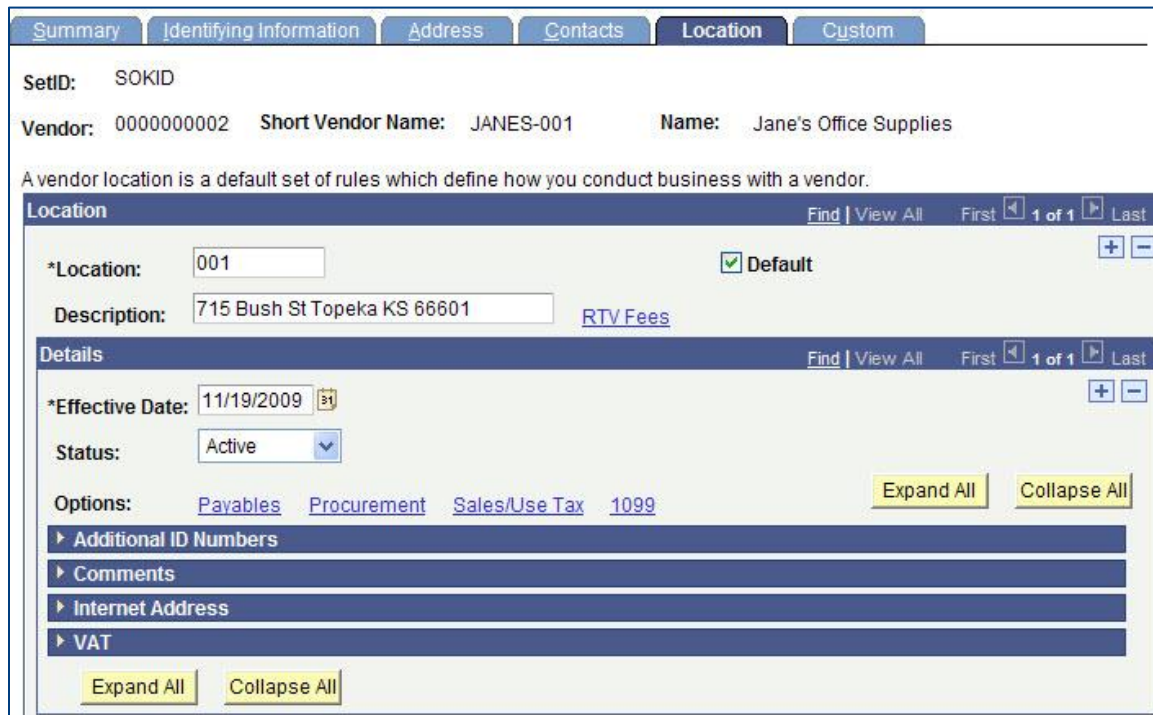
may have different bank accounts/payment methods. In this case, you could set up the vendor with three locations (that is, three sets of rules), one for each office. If all three offices use exactly the bank account/payment method, you will have just one location. Ensure that the addresses from the **Address** page are mapped to the location number using the format previously reviewed.

Note: For EXISTING vendors that have been converted over from STARS, the Location will begin with two characters representing a State suffix number, and then continue with the same 30-character schema as above. Example: 46 123 Main St Topeka KS 66601 (as that is 30 characters).

Participant Notes:

Page name	Navigation
Maintaining Vendors – Location	Vendors>Information>Add/Update>Vendor>Location **Note**. These are State wide locations, not just for one agency

Figure 13. Vendor Location Page

Use the **Payables Options** page to define the vendor location's invoicing and remitting address or addresses.

Participant Notes:

Page name	Navigation
Maintaining Vendors – Payables Options	Vendors>Information>Add/Update>Vendor>Location Click the Payables link on the location page.

Figure 14. Vendor Payables Options Page

Use the **Additional Payables Options** page to set up banking, payment, and draft processing information for this vendor.

Participant Notes:

Page name	Navigation
Maintaining Vendors – Payables Options	Vendors>Information>Add/Update>Vendor>Location Click the Payables link on the Location page. Expand the Additional Payables Option section

Figure 15. Vendor Additional Payables Option Page part 1

Participant Notes:

Fields	Description
Hold Payment	Select to have the system automatically place payments on hold. The system does not process the payments until they are taken off hold. **Note**: Using this feature will hold ALL payments for this vendor State wide. This will not be used by the State of Kansas except under extraordinary circumstances. If an agency wants to place a payment on hold, place the voucher on hold, not the vendor.
Separate Payment	Select to create separate payments for each of the vouchers for the vendor, even if the system processes the payments in the same pay cycle
Bank	Select the code for the bank from which you want to make payments for this vendor location
Payment Method	The State of Kansas will use ACH (Automated Clearing House) and checks

Table 8. Additional Payables Options Page Elements

Matching is a flexible process that compares vouchers with purchase orders and receiving documents to ensure that you are paying for what you ordered and received. Matching will be set at a higher level of the hierarchy. SMART has one match control, called STANDARD, which contains the match rules the State will use. The fields in the **Matching Options** group box say "default." This means that the matching options are set at a higher level of the hierarchy.

Participant Notes:

Page name	Navigation
Maintaining Vendors – Matching/Approval Options	Vendors>Information>Add/Update>Vendor>Location Click the Payables link on the Location page. Expand the Matching/Approval Options section

Figure 16. Vendor Additional Payables Options Page part 2

Vendor Bank Accounts must be created on the **Banks – External Accounts** page before associating them at the vendor level. These are the pay to banks for the vendor.

Participant Notes:

Figure 17. Vendor Bank Account Options Page

Use the **Procurement Options** page to accept Procurement Options as a default or to specify different options. This page is used by SMART Purchasing.

Participant Notes:

Page name	Navigation
Maintain Vendor – Procurement Options	Vendors>Information>Add/Update>Vendor>Location Click the Procurement link on the Location page.

Figure 18. Vendor Procurement Options Page part 1

Participant Notes:

Use the **RTV Options** page to establish **Return to Vendor** options for this vendor location and associate RTV fees with a return reason.

Page name	Navigation
Maintaining Vendors – RTV Options	Vendors>Information>Add/Update>Vendor>Location Click the Procurement link on the Location page. Expand the RTV Options section

Figure 19. Vendor Procurement Options Page part 2

Fields	Description
RTV Debit Option	Used in conjunction with the RTV Adjustment field to control the Voucher Build process. Select *Dflt* (default) or *Yes.*

Participant Notes:

Fields	Description
RTV Adjustment Option	Determines whether RTV debit memos are to be generated automatically by the Voucher Build process. Select one of these values: • *Automatic* – Voucher Build process automatically generates a debit voucher from the RTV transactions • *Dflt* (default) – This value appears by default from the control hierarchy and is the one State of Kansas should select • *None* – RTV vouchers are not created automatically for this vendor. RTV vouchers must be created manually using the adjustment voucher style. • *Stage* – Voucher Build process stages the RTV voucher in the Quick Invoice Entry tables. You can use the **Quick Invoice Entry** page to match the transaction to a credit memo that comes in.
RTV Notification Method	Select *Email* or *Phone* to indicate how the vendor wants to be notified of an RTV

Table 9. RTV Options Page Elements

All withholding and 1099 information is entered by means of a link on the **Location** page. This link brings you to the **Withholding Vendor Information** page. The following is the **1099** page that appears after clicking the **1099** link.

Note: The **1099 Information** group box is only required for 1099 vendors; the **1099 Reporting Information** group box is required for all vendors.

Participant Notes:

Page name	Navigation
1099	Vendors>Information>Add/Update>Vendor>Location Click the 1099 link on the Location page.

Figure 20. Withholding Vendor Information Page

Fields	Description
Entity	Select the **Entity** to which the withholding amounts are reported. The withholding entity is the tax authority. You can define more than one entity for a vendor location. The State of Kansas will only use the **Entity** of IRS.

Participant Notes:

Fields	Description
Type	Select the **Type** of withholding. For each withholding type, there may be classes and categories associated with the type.
Jurisdiction	Select the **Withholding Jurisdiction** for this type of withholding
Jurisdiction Default	Indicate which jurisdiction is the default by selecting the check box in that jurisdiction's row. You can select more than one row as the default jurisdiction.
Default Class	Select the withholding class for this type of withholding
1099 Status	Select the withhold status for this withholding class combination and vendor location
Address	Select the vendor's address from the addresses defined on the **Vendor Information - Address** page. The entity needs the vendor's address.
TIN Type	Select the **Taxpayer Identification Number (TIN)** type for the vendor from these options: Federal Employer ID Number or Social Security Number
Taxpayer Identification Number	Enter the vendor's valid **TIN** for the withholding entity

Table 10. Withholding Vendor Information Page Elements

Topic 2: Enter a Vendor

Walkthrough/Activity

We will now complete a walkthrough using a UPK simulation: Adding Vendors.

Participant Notes:

Walkthrough/Activity

We will now complete Activity 3: Adding Vendors in your Activity Guide.

Lesson Review

In this lesson, you learned how to:

- List the steps required to enter a vendor in SMART

Participant Notes:

Lesson 4: Modify a Vendor

Objectives

Upon completion of this lesson, participants are able to:
- Request an update to the vendor master record

Topic 1: Modify a Vendor

- Vendor Roles in Modification Process:

SMART User Role	Accounts Payable Key Activities / Tasks
Vendor Approver	This role is responsible for approving new vendors and maintaining vendors in SMART. This role, which is performed centrally, is the only role that has access to modifying vendors in SMART.
Vendor Processor	This role is responsible for entering vendors into SMART
Buyer	This role is responsible for maintaining purchase orders. Also has access to enter vendors into SMART.
Contract Processor	This role is responsible for maintaining contract information for non-bid contract purchases. Also has access to enter vendors into SMART.

Table 11. SMART User Roles for Vendor Processing

The process to modify a vendor a SMART will be similar to the current process. Central will provide paper forms to the agencies to fill out with modifications to existing vendors. These forms will then be returned to central for processing. Central will make the changes to the vendor record and notify the agency when it is complete.

Participant Notes:

Lesson Review

In this lesson, you learned how to:

- Explain the Vendor Modification Request process
- List the roles and requirements for requesting modifications to the vendor master record

Participant Notes: